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## Memorandum

Date: March 25, 2009

To: Pat Valencia-Carlson  
Deputy Executive Officer  
Fiscal Services Division

From: Amy Cheung, Chief  
Office of Audits and Investigations

Subject: **Review of VOCA Reporting**

This report presents the results of our internal review of the Victim of Crime Act (VOCA) grants awarded by the U.S. Department of Justice, the Office of Justice Programs (OJP), and the Office for Victims of Crime (OVC), to the Victim Compensation Program (VCP).

### Background

The Crime Victims Fund, established by the Victims of Crime Act of 1984, is a major funding source for victim services throughout the Nation. The OVC makes annual VOCA grants to every state compensation fund, including California. A state is eligible for a VOCA compensation grant if it meets the criteria set forth in VOCA and OVC program rules.

The VCP is supported, in part, by the VOCA grant. The primary purpose of the VOCA grant program is to support direct services responding to the immediate needs of crime victims. VOCA allows states to use up to 5 percent of crime victim compensation grant funds for administering the crime victim compensation grant program. Any portion of the allowable 5 percent that is not used for administrative purposes must be used for awards of compensation to crime victims.

### Objective, Scope, and Methodology

Our review objective was to determine whether the Fiscal Services Division's reporting of program expenses for the filing of the VOCA grant complied with applicable laws and regulations and the requirements governing the provisions of the Victims of Crime Act.

To accomplish our objective, we examined VOCA reports and supporting documentation to determine whether:

- VOCA reports are accurate, complete, and adequately documented;
- Supporting documentation contain accurate information;
- Proper internal controls for accounting reporting exist, including a review on whether VOCA reports are properly reviewed, approved, and signed;
- Best accounting practices are used in reporting, including a review of the timeliness of the reports;
- VOCA reports complied with applicable state and federal regulations and statutes, including a review of whether the grant funds are expended within the allotted time.

Our scope consisted of reviewing two prior reporting periods, beginning July 1, 2005 through June 30, 2007.

## **Summary of Results**

Our review disclosed some instances of noncompliance with the VOCA requirements. These instances and recommendations are summarized below.

### ***Issue 1 – Some administrative expenditures charged to VOCA were not grant-related***

For the period reviewed, we found 19 instances in which VOCA funds were used to support staff activities that were not directly related to program functions. We also found that staff leave time was charged to the grant without documentation to substantiate if leave balances were accrued during the funding cycle.

Final Guidelines for the Victims of Crime Act, Victim Compensation Grant Program, Federal Register VII – Administrative Costs, Section A – Administrative Costs Allowance: Only staff activities directly related to compensation functions can be funded with VOCA administrative funds. Only those costs directly associated with administering the program, enhancing overall program operations, and ensuring compliance with federal requirements can be expended with administrative grant funds.

OES Recipient Handbook, Personal Services – Allowable and Non-Allowable Costs for Personnel, 2171.7: OES funds may be charged as leave time (vacation, sick, family leave, compensating time off) only when the time is earned and used during the OES grant funding cycle.

### **Recommendation**

We recommend the division strengthen its review process to ensure that future costs charged to VOCA are grant-related. As of October 2008, the division no longer charges staff salaries to the VOCA grant.

### **Management's Response**

We concur with this recommendation. As of January, 2008, we strengthened the review process by requiring executive staff to review and approve any costs to ensure that they are directly associated with administering the program.

**Issue 2 - *Unsupported administrative expenditures charged to VOCA***

We found a travel expense charge, in the amount of \$1,451.30, of which \$469.70 was unsupported. We were unable to determine if the unsupported amount can be expended with administrative grant funds under VOCA requirements.

OJP Financial Guide, Part III - Chapter 12: Retention and Access Requirements for Records – Maintenance of Records: Recipients of funds are expected to see that records of different Federal fiscal periods are separately identified and maintained so that information desired may be readily located.

Final Guidelines for the Victims of Crime Act, Victim Compensation Grant Program, Federal Register VII – Administrative Costs, Section A – Administrative Costs Allowance: Only staff activities directly related to compensation functions can be funded with VOCA administrative funds.

**Recommendation**

We recommend the division establish and implement procedures to ensure that all administrative costs charged to VOCA are supported with proper documentation.

**Management's Response**

We concur with this recommendation and in January 2008, implemented a requirement that all staff activities charged to the VOCA administrative funds have supporting documentation showing that the expenditure is directly associated with administering the compensation program.

**Issue 3 – *Financial Status Reports contained inaccurate draw down information***

The Financial Status Reports for each reported quarter did not correspond with actual expenditures. We found 13 instances in which draw downs occurred after the reported period.

OJP Financial Guide, Part III – Chapter 11: Reporting Requirements: Financial Status Reports will contain the actual expenditures as incurred for the reporting period. When Financial Status Reports are delinquent, funds will be withheld from those grants and requests for drawdown will be denied.

**Recommendation**

We recommend the division submit its Financial Status Reports that reflect actual expenditures for the quarter. During testing, we found that the division has taken corrective action steps and is now completing draw downs during the reported period.

**Management's Response**

We concur and as indicated in the audit report, the division took corrective action steps. As of January 2008, draw downs are completed during the reporting period.

**Issue 4 - Funds used after closing of grants**

Funds for Grants 2003-VC-GX-0002 and 2004-VC-GX-0001 were used after the end of the award period.

Final Guidelines for the Victims of Crime Act, Victim Compensation Grant Program, Federal Register III – Funding Allocations, Section B - Grant Period: Victim compensation grant funds are available for expenditure throughout the fiscal year of the award plus the next three fiscal years. The federal fiscal year begins on October 1 and ends on September 30.

**Recommendation**

We recommend the division establish and implement procedures to ensure that transactions are completed prior to the end of the award period.

**Management's Response**

We concur with this recommendation. As of January 2008, draw downs are completed during the reporting period, which ensures that all transactions are completed prior to the end of the award period.

**Follow-up and Corrective Actions**

We want to take this opportunity to thank you and your staff, especially Sherri Stock, in assisting us with this review. Your responses, including planned corrective action, are appended to this final report.

Please note that this report is solely for management information. It is not intended to be and should not be used by anyone other than management.

If you have any questions regarding this review, please contact me at (916) 491-3875.

***Original Signed By:***

AMY CHEUNG, Chief  
Office of Audits and Investigations

AC:mc:2009-AUD-01

Attachment

cc: Julie Nauman  
Tom O'Connor  
Bettzan Mar  
Lynnette Freitag